5/10/89

Consumer Confidence Survey

- *Business*
- *Employment*
- *Income*
- *Inflation*
- *Interest Rates*
- *Stock Prices*

May 1989

CONFIDENCE STEADY AND STRONG

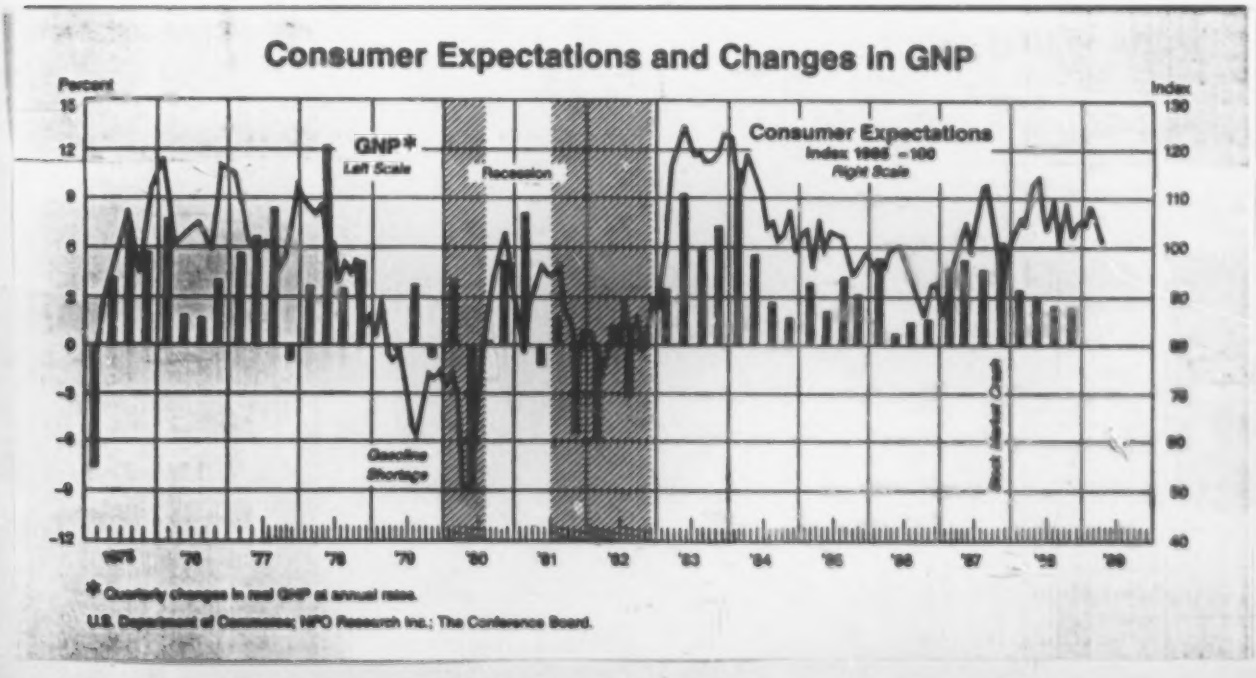
Despite increasing suggestions that the economy may be softening, consumers continue to be in high spirits. In April, The Conference Board's Consumer Confidence Index (1985 = 100) registered 116.3, a statistically insignificant loss of one point, as compared with the month before. The current confidence reading is at an impressively high level. Buying plans are mixed.

In assessing the ongoing scene, people are moderately more positive than a month earlier. About the same number of respondents believe that current business conditions are "good." People are more comfortable with the employment situation than previously: 34.7% reported that jobs are "plentiful," a gain of two points.

In looking ahead to the next six months, however, respondents are somewhat less optimistic. Now, only 16.5% anticipate an improvement in business conditions, down from almost 18% a month earlier. Consumers are also a bit less secure about their personal financial circumstances than a month earlier.

However, buying plans are holding up reasonably well. Plans to buy an automobile were expressed by 7.6% of respondents, a half-point gain over last time. But only 3.1% indicated intentions to buy a home, unchanged from the prior month. This series has been soft for some months, reflecting concern with rising interest rates. Plans to buy a major appliance registered a reasonably good gain in April, with 31% of all those contacted indicating that they plan to make a purchase. This is the second consecutive monthly gain in this series.

The consumer's sustained sense of well being is justified, at least at this moment, by the continuing strength of the economy. Although there are some faint signs suggesting a possible slowdown in the pace of business activity, growth in the first quarter has been sturdy. Job security, which has a decisive effect on the consumer's spirits, remains strong. The unemployment rate is lower than it has been in many years, and the length of the work-week in manufacturing—continues at a reassuring 41 hours. The single negative trend is the creeping up of interest rates. But even this, for the moment at least, affects relatively few families—those in the market for homes or major durable goods. Still, people are a bit less optimistic in their expectations than earlier in the year. This may possibly be an early symptom of caution but, as yet, less than concern. Fabian Linden



Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

All series seasonally adjusted	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.(r)	Apr.(p)
	1988									1989			
	Business									Employment			Income
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	115.7	120.2	115.7	113.5	119.7	110.7	116.9	112.9	119.4	115.8	120.7	117.4	116.3
Present Situation	120.2	129.0	126.3	126.2	135.1	126.7	128.3	129.1	140.1	133.4	139.2	136.2	138.9
Expectations	112.8	114.4	108.6	103.7	109.4	100.1	109.3	102.0	105.6	104.1	108.3	104.9	101.2
Appraisal of Present Situation: Percent													
Business Conditions													
Good	28.3	31.6	27.4	26.4	32.2	26.2	26.3	30.2	32.5	29.1	30.6	28.4	28.6
Bad	20.9	18.4	19.7	19.1	17.2	19.2	17.1	17.6	15.5	18.2	16.9	16.1	16.1
Normal	50.8	50.0	52.9	52.5	50.6	52.6	54.6	52.2	52.0	52.7	52.5	55.5	55.1
Employment													
Jobs plentiful	27.8	30.8	31.1	31.3	32.3	29.9	29.8	29.9	33.7	33.0	34.3	32.8	34.7
Jobs not so plentiful	48.1	45.4	46.1	46.2	46.0	47.7	47.2	47.1	45.5	45.8	45.8	46.7	45.2
Jobs hard to get	24.1	23.8	22.8	22.5	21.7	22.4	23.0	23.0	20.8	21.2	19.9	20.5	20.1
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	20.9	22.0	20.4	19.7	21.4	18.3	21.1	18.6	19.6	17.7	20.9	17.9	16.5
Worse	6.4	5.3	6.7	9.6	7.3	9.8	7.0	8.4	7.5	7.7	7.3	8.0	8.5
Same	72.7	72.7	72.9	70.7	71.3	71.9	71.9	73.0	72.9	74.6	71.8	74.1	75.0
Employment													
More jobs	18.2	19.0	18.3	17.7	19.0	17.2	18.6	15.9	17.2	17.1	17.0	15.9	14.9
Fewer jobs	11.9	12.6	13.8	15.0	13.6	15.4	13.2	14.7	14.4	14.5	12.8	12.7	12.5
Same	69.9	68.4	67.9	67.3	67.4	67.4	68.2	69.4	68.4	68.4	70.2	71.4	72.6
Income													
Increase	29.4	29.0	26.3	26.0	27.4	24.8	26.8	27.3	27.8	25.6	26.3	25.2	24.4
Decrease	6.0	6.0	6.4	6.2	6.3	6.9	6.9	6.9	6.7	6.2	6.3	6.1	7.3
Same	64.6	65.0	67.3	65.8	66.3	68.3	66.3	65.8	65.5	68.2	67.4	68.7	68.3
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	9.1	9.4	8.9	8.9	7.5	7.8	7.3	7.3	7.4	7.3	7.9	7.1	7.6
New	5.5	4.9	5.0	4.6	4.2	4.1	3.7	3.4	3.3	3.5	3.8	4.0	4.3
Used	3.1	3.9	3.4	3.4	2.8	2.7	2.7	3.0	3.3	2.9	3.2	2.7	2.6
Uncertain	0.5	1.2	0.5	0.9	0.5	1.0	0.9	0.9	0.8	0.9	0.9	0.4	0.7
Home													
Yes	3.5	3.3	4.0	3.5	4.2	3.3	3.7	3.1	3.8	3.0	2.9	3.1	3.1
New	1.1	1.1	0.9	1.1	1.3	1.1	1.0	1.0	0.9	0.6	1.0	0.7	0.9
Lived in	1.7	1.3	2.1	1.5	2.0	1.5	1.6	1.5	1.9	1.2	1.2	1.5	1.5
Uncertain	0.7	0.9	1.0	0.9	0.9	0.7	1.1	0.6	1.0	1.2	0.7	0.9	0.7
Major appliances													
Total plans	35.0	35.8	30.3	30.1	34.3	30.3	26.5	27.9	28.9	28.0	26.2	28.4	31.0
Refrigerator	5.3	5.9	4.7	4.5	5.0	4.5	3.6	4.1	4.3	5.4	4.9	4.3	5.4
Washing machine	5.3	5.1	3.9	4.7	4.5	3.9	4.1	3.0	3.7	3.7	3.2	4.2	4.0
TV Set	7.9	8.6	7.5	6.1	8.0	7.2	6.4	6.5	7.5	5.7	5.8	6.4	7.2
Vacuum Cleaner	5.6	6.0	4.9	5.2	6.1	5.7	3.8	4.8	4.7	4.3	4.2	4.9	4.5
Range	3.9	3.1	3.1	3.2	2.7	2.8	3.1	2.7	2.8	3.0	2.6	2.5	3.4
Clothes dryer	4.4	4.9	3.8	3.8	4.3	3.4	3.2	3.2	3.3	3.0	2.9	4.0	3.8
Air conditioner	2.6	2.2	2.4	2.6	3.7	2.8	2.3	3.6	2.6	2.9	2.6	2.1	2.7
Carpet	6.2	6.7	7.6	7.1	7.7	6.2	6.2	6.6	6.6	6.8	5.4	6.3	6.5
Vacation Intended Within Six Months: Percent*													
Vacation Intended	49.7		48.5		51.6		49.1		48.5		45.3		48.4
Destination													
U.S.	42.8		41.7		43.5		41.6		41.1		38.6		40.3
Foreign country	9.3		9.3		10.1		8.7		8.8		8.1		8.5
Means of travel													
Automobile	28.8		27.9		29.6		28.2		27.0		26.8		27.0
Airplane	19.1		20.8		21.0		18.4		19.0		17.0		18.6
Other	4.4		4.5		4.0		3.5		4.4		4.1		4.7

(p)—preliminary (r)—revised

ATTENTION DATA USERS: Data in this publication are available online. For information, phone (212) 759-0900 Ext. 216.

Inflation **Interest Rates** **Stock Prices**

Not seasonally adjusted	1988 Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1989 Jan.	Feb.	Mar.(r)	Apr.(p)
Expectations for Twelve Months Hence: Percent													
Inflation Rate													
Average	4.4	4.4	4.4	5.0	4.9	4.8	4.8	4.7	4.7	4.6	4.8	4.8	5.1
Interest Rates													
Higher	58.0	66.5	71.5	74.9	74.9	75.2	71.8	65.1	78.2	73.7	71.8	79.9	76.3
Same	27.6	23.6	20.0	22.1	16.2	17.0	18.6	23.1	14.4	18.4	18.8	13.6	15.0
Lower	14.4	9.9	8.5	10.6	8.9	7.8	9.6	11.8	7.4	7.9	9.4	6.5	8.7
Stock Prices													
Increase	38.7	39.3	39.8	40.3	39.2	38.5	40.6	39.3	39.7	42.3	44.9	39.5	40.1
Same	33.6	34.3	35.8	34.8	33.0	34.8	35.0	36.0	33.3	34.7	33.5	34.3	35.4
Decrease	27.7	26.4	24.4	24.9	27.8	26.7	24.4	24.7	27.0	23.0	21.6	26.2	24.5

CONSUMER CONFIDENCE BY REGION

Seasonally unadjusted Index numbers:1985 = 100	1988 Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1989 Jan.	Feb.	Mar.(r)	Apr.(p)	AVERAGE: Feb. Mar. Apr. 1988	1989	Percent Change*
NEW ENGLAND																
Consumer Confidence Index	159.2	153.9	149.8	153.9	150.0	139.7	150.9	144.1	140.7	135.5	149.5	144.2	136.2	155.5	143.3	- 7.9
Present Situation	203.7	203.0	207.0	199.5	205.4	204.9	201.3	198.0	205.6	189.5	203.7	199.5	194.9	202.0	199.3	- 1.3
Expectations	129.6	121.2	111.7	123.6	113.0	96.2	117.3	108.2	97.5	99.5	113.4	107.3	97.1	124.5	106.0	-14.9
MIDDLE ATLANTIC																
Consumer Confidence Index	123.6	125.5	121.8	120.8	125.6	122.6	126.3	113.7	124.9	122.1	124.9	117.3	117.6	120.1	119.9	- 0.2
Present Situation	142.9	142.9	152.6	145.8	157.2	153.4	148.7	143.2	164.0	147.1	153.4	142.6	150.8	141.0	148.9	5.6
Expectations	110.7	108.1	101.3	104.1	104.6	102.1	111.3	94.1	98.8	105.4	105.8	100.4	95.5	106.2	100.6	- 5.3
EAST NORTH CENTRAL																
Consumer Confidence Index	104.0	108.7	102.3	95.5	104.1	99.8	115.0	117.8	112.9	114.9	121.9	113.8	115.4	98.7	117.1	18.6
Present Situation	102.8	107.7	111.0	116.5	125.7	121.9	129.7	145.1	139.2	131.1	135.9	130.2	133.6	97.8	133.2	36.3
Expectations	104.7	109.4	96.6	81.5	89.8	85.0	105.2	99.3	95.5	104.2	112.6	102.9	103.4	99.4	106.3	7.0
WEST NORTH CENTRAL																
Consumer Confidence Index	99.1	88.4	91.4	76.0	70.7	86.3	97.5	88.6	93.4	98.9	100.3	102.2	85.6	95.0	96.0	1.1
Present Situation	82.9	93.8	97.6	91.3	74.6	96.6	99.4	97.4	103.9	106.1	91.6	99.9	93.1	79.0	94.8	20.0
Expectations	109.9	84.9	87.3	65.9	68.0	79.5	96.3	82.8	86.4	94.2	106.1	103.8	80.6	105.6	96.8	- 8.3
SOUTH ATLANTIC																
Consumer Confidence Index	138.7	142.2	138.2	138.6	141.2	136.0	142.4	139.1	133.5	131.7	134.5	137.0	134.9	137.7	135.5	- 1.6
Present Situation	161.9	168.9	163.8	168.6	172.6	170.2	175.3	170.6	175.4	167.5	167.0	170.7	173.6	163.4	170.4	4.3
Expectations	123.3	124.5	121.2	118.6	120.2	116.6	120.5	118.2	105.6	107.8	112.9	114.6	109.1	120.5	112.2	- 6.9
EAST SOUTH CENTRAL																
Consumer Confidence Index	96.8	115.0	97.1	84.4	105.9	102.3	108.7	102.1	94.3	107.2	108.5	111.6	86.0	107.2	102.0	- 4.8
Present Situation	79.1	97.9	93.4	74.6	100.3	99.2	99.2	102.1	104.9	96.2	89.7	100.2	88.5	92.2	92.8	0.7
Expectations	108.7	126.5	99.6	91.0	109.7	104.4	115.1	102.2	87.2	114.6	121.1	119.2	84.3	117.2	108.2	- 7.7
WEST SOUTH CENTRAL																
Consumer Confidence Index	75.3	77.9	78.5	80.5	80.1	74.8	83.8	67.3	79.7	84.6	83.8	77.0	82.2	75.6	81.0	7.2
Present Situation	22.8	34.8	30.8	30.1	31.0	29.3	42.4	27.4	34.5	30.1	35.2	30.3	39.2	25.2	34.9	38.4
Expectations	110.4	106.8	110.3	114.1	112.9	105.2	111.4	94.0	109.9	120.9	116.2	108.2	110.8	109.2	111.7	2.4
MOUNTAIN																
Consumer Confidence Index	87.5	94.4	86.4	80.3	92.8	76.9	92.4	91.8	106.1	76.5	86.7	100.6	92.2	88.2	93.2	5.6
Present Situation	57.5	79.2	69.2	61.9	77.0	70.0	81.1	66.5	90.9	50.0	43.7	80.4	71.2	67.3	65.1	- 3.3
Expectations	107.6	104.8	96.2	92.7	103.4	81.8	100.0	108.8	118.3	94.1	115.4	114.2	106.2	102.1	111.9	9.6
PACIFIC																
Consumer Confidence Index	121.1	125.5	127.0	126.7	134.0	124.6	127.7	133.7	133.7	128.2	138.2	130.0	128.2	127.2	132.1	3.9
Present Situation	135.2	149.1	153.9	161.5	161.7	160.1	156.9	169.4	170.7	157.5	164.0	157.6	164.0	147.7	161.9	9.6
Expectations	111.7	109.7	109.1	103.5	115.5	100.9	108.3	109.9	109.0	108.6	121.1	111.6	104.4	113.5	112.3	- 1.0

*Percent Change: Average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers: 1985 = 100	1988 Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	1989 Jan	Feb	Mar (r)	Apr (p)	3 mos. Percent, Change*
TOTAL U.S.														
Consumer Confidence Index	115.7	120.2	115.7	113.5	119.7	110.7	116.9	112.9	119.3	115.8	120.7	117.4	116.3	1.8
Present Situation	120.2	129.0	126.3	126.2	135.1	126.7	128.3	129.1	140.1	133.4	139.2	136.2	138.9	2.9
Expectations	112.8	114.4	108.6	103.7	109.4	100.1	109.3	102.0	105.6	104.1	108.3	104.9	101.2	0.9
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	120.4	123.1	121.5	121.2	128.5	121.0	117.8	117.0	124.6	119.3	124.3	122.3	118.3	1.1
35-54	119.5	121.8	118.7	116.4	119.5	111.4	118.2	114.3	120.5	117.0	122.6	118.8	120.5	2.9
55 and over	104.4	113.8	104.7	102.2	110.4	99.1	112.4	106.2	112.8	109.1	113.6	109.5	108.5	1.1
Present Situation														
Under 35	127.1	129.9	130.1	134.5	147.0	136.2	125.9	128.9	143.5	133.5	143.6	138.1	142.1	4.4
35-54	124.5	130.3	129.9	130.5	133.8	127.2	128.2	130.8	143.5	134.8	139.1	137.5	143.3	2.7
55 and over	110.7	127.2	120.0	122.0	129.1	118.3	129.8	127.6	134.6	131.8	136.6	133.6	133.7	2.5
Expectations														
Under 35	116.0	118.7	115.7	112.4	116.1	109.7	112.5	109.0	112.3	109.7	111.4	111.7	102.5	- 1.7
35-54	116.4	116.2	111.2	107.0	109.9	100.8	111.6	103.3	105.3	105.1	111.3	106.3	105.3	3.0
55 and over	100.3	104.9	94.3	88.9	97.8	86.2	100.6	91.8	98.4	94.2	98.6	93.8	91.7	- 0.1
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	89.8	94.1	88.4	82.1	88.1	87.7	91.8	87.8	92.5	94.0	92.2	94.1	91.1	1.1
$15,000-24,999	109.8	112.8	102.7	104.8	115.3	102.2	108.5	115.2	115.9	105.2	120.6	107.6	120.4	3.7
$25,000 and over	129.7	135.4	132.0	130.9	135.3	123.7	131.9	124.2	131.7	129.6	134.5	131.4	126.4	1.8
Present Situation														
Under $15,000	78.8	88.5	83.2	83.3	94.0	89.6	89.9	91.7	95.0	90.0	88.2	94.8	98.3	1.7
$15,000-24,999	103.9	116.7	109.0	114.7	121.6	114.6	116.8	123.0	133.2	109.5	137.2	112.4	135.3	5.3
$25,000 and over	145.5	153.5	152.1	154.2	162.7	148.2	151.5	149.0	161.8	162.3	164.9	164.0	160.5	3.4
Expectations														
Under $15,000	97.0	97.9	92.1	81.5	91.0	86.8	93.2	85.2	91.3	96.1	93.8	92.9	86.0	0.1
$15,000-24,999	113.7	110.3	98.8	98.3	111.2	94.1	103.1	110.0	104.7	102.0	109.4	103.7	110.3	2.2
$25,000 and over	119.4	123.4	118.5	115.3	116.8	107.2	118.6	107.4	111.5	108.4	114.8	110.3	103.9	0.5

*Percent Change: Average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.